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MAR 21 1986

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
BRIAN J. BOYLE
Commissioner of Public Lands
Olympia, Washington 98504

DEPARTMENT OF
NATURAL RESOURCES

WASTE OUTFALL LEASE NO. 22-002655

BY THIS LEASE, by and between the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, hereinafter called the Lessor, and the CITY OF BREMERTON, hereinafter called the Lessee, the Lessor leases to the Lessee on the terms and conditions as hereinafter set forth the following described tract or parcel of state land situate in Kitsap County, Washington, to wit:

301-86 That portion of the harbor area, owned by the State of Washington, situate in front of Section ~~25~~¹⁴, Township 24 North, Range 1 East, W.M., included within the limits of a strip of land 15 feet in width, having 7.5 feet of such width on each side of the following described centerline:

Commencing at the northwest corner of said Section 14 and running thence S 87° 40' 51" E 3,458.78 feet to a point on the inner harbor line per the State of Washington Board of State Land Commissioners, Maps of Bremerton Tide Lands, dated February 28, 1913, page 5, said point lying S 85° 30' 45" W 35.21 feet from corner 29-1 and also being the true point of beginning, thence N 1° 27' 39" E 120.51 feet to the terminal point of this centerline description.

SECTION 1 OCCUPANCY

1.1 Term. This lease shall commence on the 1st day of March, 1986, and continue to the 1st day of March, 2016, or so long as Lessee holds a valid waste discharge permit, whichever period is less.

SECTION 2 USE OF PREMISES

2.1 Permitted Use. The Lessee shall have use of the premises for:

(1) Installation, operation and maintenance of a waste outfall.

(2) No improvements other than those shown on the approved exhibits on file in Application No. 22-002655 will be placed or constructed on the premises without written consent of the Lessor.

SECTION 3 PAYMENT

3.1 Rent.

(1) Annual rental shall not be charged, per RCW 79.90.470, unless changed by subsequent legislation. However, the Lessor may charge for resource withdrawal and/or damages caused by the effluent discharged from this facility.

(2) Interest Penalty for Past Due Rent Balances. A one percent (1%) charge, per month, shall be due to Lessor, from Lessee, on any rent balance which is more than thirty (30) days past due.

3.2 Leasehold Tax. The Lessee shall pay to the Lessor at Olympia, Washington 98504, the leasehold tax, if applicable, as set forth in chapter 61, Laws of 1976, 2nd Ex. Sess., or as may be amended. The tax shall be due and payable at the same time the rental charged herein is due and payable. Failure to pay said tax when due and payable shall be considered a breach of the provisions of this lease and the Lessor shall be entitled to all remedies they are entitled to by law, and the remedies provided herein for a breach of a provision of this lease. Any delinquent taxes shall be a debt to the Lessor and in the event the Lessor is subject to any penalties or interest because of the failure of the Lessee to pay such taxes, such penalties and interest shall be payable by the Lessee to

the Lessor and shall be considered a debt to the Lessor. In the event the Lessor suffers any costs of whatsoever nature, including attorney fees, or other costs of litigation in collecting said tax, such costs shall be payable by the Lessee and shall be considered a debt due and owing to the Lessor by the Lessee.

3.3 Revaluation of Rent. The Lessor shall at the end of the first four (4) year period of the lease term and at the end of each subsequent four (4) year period of the lease term, determine the annual rental in accordance with Chapter 221, Laws of 1984, or as amended by subsequent legislation.

At the time of readjustment of the rent as provided for in Section 3.3, the rate to be charged for effluent discharged is based on the area affected by the effluent, and the fair market rental value to the Lessor of the feasible land use alternatives withdrawn as a result of the effluent discharge, unless some other basis is subsequently prescribed by the State Legislature.

SECTION 4 RESERVATIONS

4.1 Entry. The Lessor shall have access to the premises at all reasonable times for the purpose of securing compliance with the terms and conditions of this lease.

4.2 Access. The Lessor reserves the right to grant easements and other land uses on the premises to itself and others when the easement or other land uses applied for will not unduly interfere with the use to which the Lessee is putting the premises or interfere unduly with the approved plan of development for the premises. No easement or other land uses shall be granted until damages to the leasehold shall first have been ascertained by the Lessor and paid to the Lessee by the applicant for the easement or other land use.

4.3 Restrictions on Use. In connection with use of the premises, the Lessee shall:
(1) Conform to applicable laws and regulations of any public authority affecting the premises and the use thereof and correct at the Lessee's own expense any failure of compliance created through the Lessee's fault or by reason of the Lessee's use.
(2) Remove no valuable material without prior written consent of the Lessor.
(3) Not fill or cause to be filled any of the lands covered by this lease, except in connection with the installation, operation and maintenance of the waste outfall such filling and dredging as is found necessary shall be permitted.
(4) Upon violation of any condition of this lease by the Lessee, the Lessor may, within 30 days' notice, cancel the lease and any rights the Lessee may have thereunder.

4.4 Removal of Improvements. If requested by the Lessor, within six months after the date of termination of this lease or within such longer period designated by the Lessor, the Lessee shall cause to be removed at his own expense all improvements placed on the land as provided for in this lease. In those cases where such action is not taken by the Lessee, the Lessor may remove the improvements charging said Lessee for the full cost of the removal and disposal.

SECTION 5 REQUIREMENTS

5.1 Assignment and Sublease. This lease or any portion thereof may not be assigned nor may the lands held hereunder be sublet without the written consent of the Lessor.

5.2 Maintenance.
(1) The Lessee, at his sole cost and expense, shall at all times keep or cause all improvements (regardless of ownership) to be kept in as good condition and repair as originally constructed or as hereafter put, except for reasonable current wear and tear.
(2) The Lessee shall not allow debris or refuse to accumulate on the leased premises, caused either by himself, or any person authorized on the premises by the Lessee. Failure to comply with this provision shall be cause to permit the Lessor to remove the debris and refuse and collect the cost of such removal from the Lessee and/or cancel this lease.

5.3 Condition of Premises and Liability. The premises have been inspected by the Lessee and are accepted in their present condition. Lessee agrees to defend and hold the Lessor harmless from any and all claims suffered or alleged to be suffered on the premises or arising out of operations on the premises.

5.4 Security. The Lessee shall furnish a surety bond in such amount as may be determined by the Lessor in accordance with Title 79 RCW, as amended, as a guarantee of the faithful performance of the conditions and terms prescribed in this lease. Security other than a surety bond may be substituted if first approved in writing by Lessor. No bond is currently required.

The Lessee expressly agrees to all covenants herein and binds himself for the payment hereinbefore specified.

Executed this 1st day of April, 1986.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

James A. Stearns
JAMES A. STEARNS, Supervisor

Signed this 12th day of March, 1986.

CITY OF BREMERTON

Gene Lobe
GENE LOBE, Mayor
239 Fourth Street
Bremerton, WA 98310

ATTEST:

Kathleen McCluskey
KATHLEEN McCLUSKEY, City Clerk

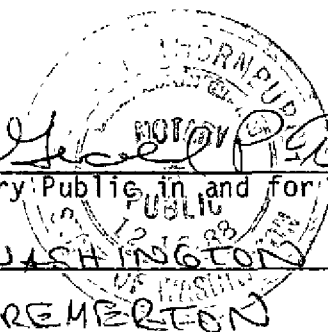
CERTIFICATE OF
CORPORATE ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Kitsap) ss

On this 12th day of March, 19 86, before me
personally appeared Gene Lobe and Kathleen McCluskey

_____ ,
to me known to be the Mayor and City Clerk
of the corporation that executed the within and foregoing instrument and acknowledged
said instrument to be the free and voluntary act and deed of the corporation, for the
uses and purposes therein mentioned, and on oath stated that (he was) (they were)
authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
the day and year first above written.



Notary Public in and for the State of
WASHINGTON residing at
BREMERTON

SEC. 14, TWP. 24, N, R 1E, W.M. KITSAP COUNTY, WASHINGTON

Description of Right-of-way for Utility Line Across
Aquatic State-Owned Lands.

A strip of land 15 feet in width, 7.5 feet left and
right of the following described centerline, situated in
Section 14 and 15, Township 24 North, Range 1 East,
Willamette Meridian, Kitsap County, Washington.

Commencing at the Northwest corner of s.d., Section 14,
thence South 87° 40' 51" East 3458.78 feet to a point
on the State Inner Harbor Line per State of Washington
Board of State Land Commissioners, Map of Bremerton Tide
Lands, 28 February 1913, (page 51, said point lying South
85° 30' 45" West 35.21 feet from corner 29-1 and also being
the True Point of Beginning thence North 1° 27' 39" East
120.51 feet to the Terminus Point.

REFERENCES:

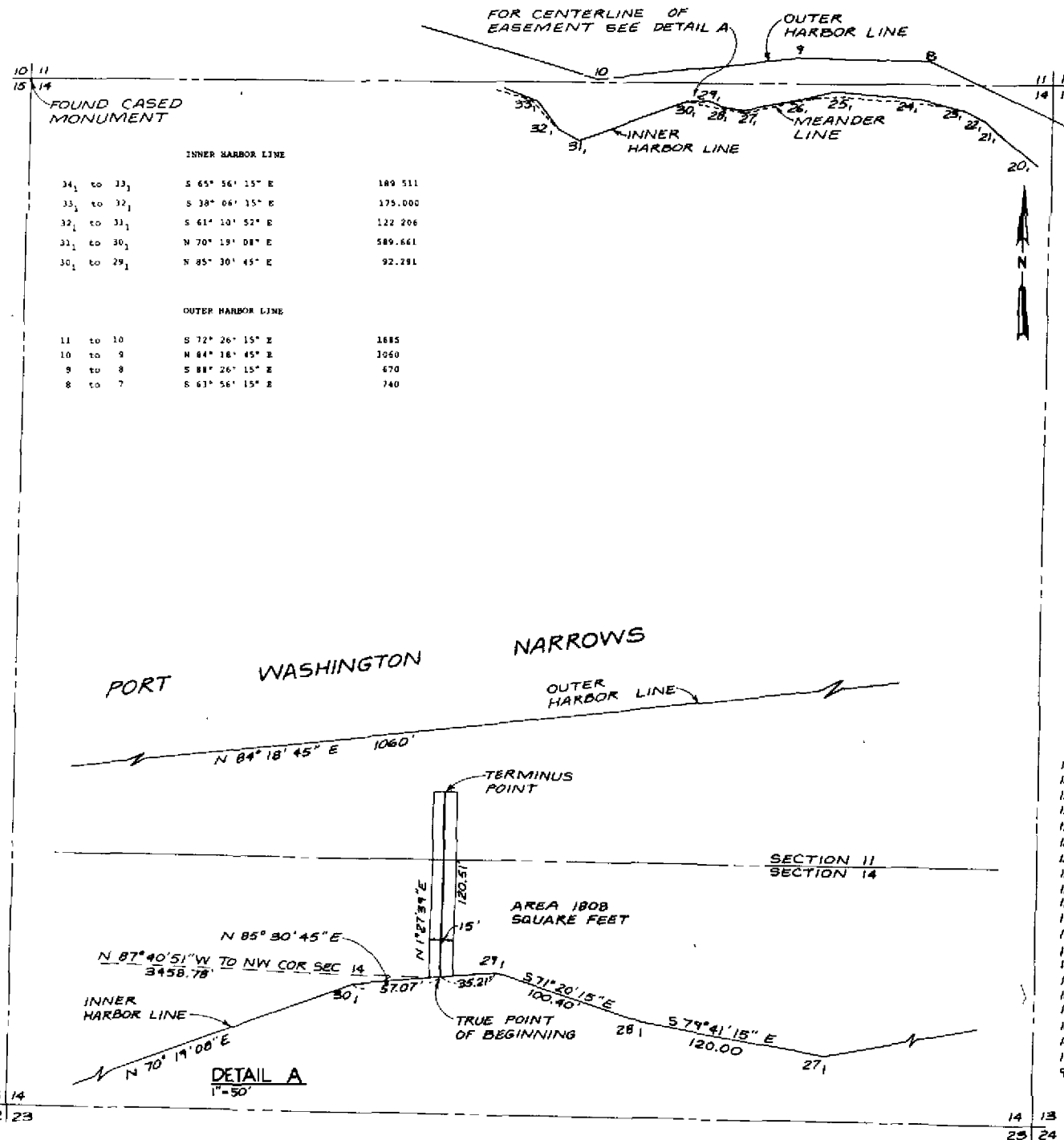
1. State of Washington Board of State Land Commissioners,
Map of Bremerton Tide Lands showing Harbor Lines and
Tide Lands as Surveyed Established and Platted by order
of the Board of State Land Commissioners, and filed in
the Office of the Commissioner of Public Lands on the 28th
day of February A.D. 1913.
2. Right of Way Plat, Cascade Natural Gas Co. Section 11
and 14, TWP. 24N., R. 1E., W.M., Kitsap County, Washington.
This Plat was done by Jones and Associates on the 6th day
of November 1974.

VERTICAL DATUM: City of Bremerton (the relationships between the
City of Bremerton Datum, and the Puget Sound Naval
Shipyard Datum are shown below.)

BASIS OF BEARING: Washington State Plane Coordinate System, North
Zone

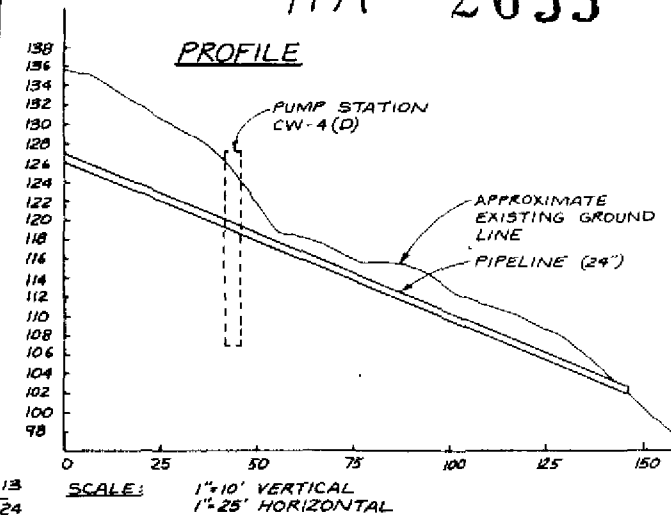
CONVERSION TABLE	CITY	P.S.N.S.
Extreme High Water (EHW)	125.15	128.0
Mean Higher High Water (MHHW)	122.45	125.1
Mean High Water (MHW)	120.55	123.2
Mean Tide Level (MTL)	116.55	119.2
Mean Lower Low Water (MLLW)	109.75	112.4
Extreme Low Water (ELW)	105.35	108.0

SCALE: 1" = 400'



HA - 2655

PROFILE

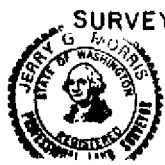


CH2M HILL

DRAWN BY WJM
CHECKED BY JLC
JOB NO. S12400 D9
DATE 11-13-85
SCALE 1" = 400'
SHEET 1 OF 1

RECORDER'S CERTIFICATE

Filed for record this ___ day of ___, 19__ at
___ in Book ___ of Surveys at page ___
at the request of ___
Manager: ___ Superintendent of Records



SURVEYOR'S CERTIFICATE

This map correctly represents a survey made by me
or under my direction in conformance with the
requirements of the Survey Recording Act at the
request of the CITY OF BREMERTON
on AUGUST 1, 1985
Jerry G. Morris

RECORD SURVEY
for
CITY OF BREMERTON
DNR LEASE
OHIO AVE. OUTFALL